STATE FIRE AND TORNADO FUND INVESTMENT PERFORMANCE REPORT AS OF SEPTEMBER 30, 2008

Market Value Actual Policy Net ROR Net Net Net	008 6/30/2 t Ne 68% 9.8	/2008
Market Value Actual Policy Net ROR Net Net Net	t Ne	Net
LARGE CAP DOMESTIC EQUITY Structured Growth Los Angeles Capital 673,147 2.7% 2.8% -12.89% -7.79% 7.0 Total Structured Growth 673,147 2.7% 2.8% -12.89% -7.79% 7.0 Russell 1000 Growth -12.33% -5.96% 5.9 Structured Value LSV 636,013 2.5% 2.8% -6.65% -6.65% -21.43% 3.0 Russell 1000 Value -6.11% -6.11% -18.78% 3.9 Russell 1000 Enhanced Index LA Capital 1,360,115 5.4% 5.6% -9.52% -9.52% -9.54% 6.9	68% 68% 9.5	
Structured Growth Los Angeles Capital 673,147 2.7% 2.8% -12.89% -7.79% 7.4 Total Structured Growth 673,147 2.7% 2.8% -12.89% -12.89% -7.79% 7.4 Russell 1000 Growth -12.33% -12.33% -5.96% 5.9 Structured Value -12.33% -6.65% -6.65% -21.43% 3.4 Russell 1000 Value -6.11% -6.11% -18.78% 3.5 Russell 1000 Enhanced Index 1,360,115 5.4% 5.6% -9.52% -9.52% -9.54% 6.5	68% 9.5	N/A
Los Angeles Capital 673,147 2.7% 2.8% -12.89% -12.89% -7.79% 7.0 Total Structured Growth 673,147 2.7% 2.8% -12.89% -12.89% -7.79% 7.0 Russell 1000 Growth -12.33% -12.33% -5.96% 5.9 Structured Value -12.33% -6.65% -6.65% -21.43% 3.3 Russell 1000 Value -6.11% -6.11% -18.78% 3.5 Russell 1000 Enhanced Index 1,360,115 5.4% 5.6% -9.52% -9.52% -9.54% 6.9	68% 9.5	N/A
Total Structured Growth 673,147 2.7% 2.8% -12.89% -12.89% -7.79% 7.4 Russell 1000 Growth -12.33% -12.33% -5.96% 5.9 Structured Value 636,013 2.5% 2.8% -6.65% -6.65% -21.43% 3.4 Russell 1000 Value -6.11% -6.11% -18.78% 3.5 Russell 1000 Enhanced Index 1,360,115 5.4% 5.6% -9.52% -9.52% -9.54% 6.9	68% 9.5	
Russell 1000 Growth -12.33% -12.33% -5.96% 5.96% Structured Value 636,013 2.5% 2.8% -6.65% -6.65% -21.43% 3.4 Russell 1000 Value -6.11% -6.11% -6.11% -18.78% 3.5 Russell 1000 Enhanced Index 1,360,115 5.4% 5.6% -9.52% -9.52% -9.54% 6.9	11% 7.3	9.56%
LSV 636,013 2.5% 2.8% -6.65% -6.65% -21.43% 3.8 Russell 1000 Value -6.11% -6.11% -6.11% -18.78% 3.8 Russell 1000 Enhanced Index LA Capital 1,360,115 5.4% 5.6% -9.52% -9.52% -9.54% 6.9		7.32%
LSV 636,013 2.5% 2.8% -6.65% -6.65% -21.43% 3.8 Russell 1000 Value -6.11% -6.11% -6.11% -18.78% 3.8 Russell 1000 Enhanced Index LA Capital 1,360,115 5.4% 5.6% -9.52% -9.52% -9.54% 6.9		
Russell 1000 Value -6.11% -6.11% -18.78% 3.5 Russell 1000 Enhanced Index LA Capital 1,360,115 5.4% 5.6% -9.52% -9.52% -9.54% 6.5	31% 11.5	1.57%
LA Capital 1,360,115 5.4% 5.6% -9.52% -9.52% 6.5		3.92%
LA Capital 1,360,115 5.4% 5.6% -9.52% -9.52% 6.5		
	97%	N/A
Russell 1000 -9.35% -9.35% -12.36% 4.8	31%	
S&P 500 Enhanced Index		
	98%	N/A
	11%	
Index		
	93% 6.6	6.64%
100,000		6.64%
,		7.59%
TOTAL LARGE CAP DOMESTIC EQUITY 4,510,008 18.1% 18.8% -9.42% -9.42% -12.71% 5.4	68% 9.3	9.31%
, , , , , , , , , , , , , , , , , , , ,		9.31% 7.59%
307 300 -0.37 /0 -0.37 /0 -13.12 /0 4.5	1/0 /.0	.09 /0
SMALL CAP DOMESTIC EQUITY		
Manager-of-Managers		
)6% 9. <i>′</i>	9.10%
Russell 2000 + 200bp -0.61% -0.61% -14.48% 5.8	88% 12.5	2.50%
Enhanced		
Research Affiliates 778,828 3.1% 3.1% -2.34% N/A	N/A	N/A
Russell 2000 -1.11% -16.19%		
TOTAL SMALL CAP DOMESTIC EQUITY 1,500,060 6.0% 6.3% -4.46% -4.46% -21.14% 1.500,060	9.0	9.04%
		0.29%
INTERNATIONAL EQUITY		
Large Cap - Active		
'		4.35%
1 1/1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		N/A
,,		3.46%
MSCI EAFE - 50% Hedged -16.79% -15.14% 10.9	3% 14.6	4.67%
Small Cap - Value		
DFA 213,262 0.9% 1.0% -20.83% -20.83% N/A	N/A	N/A
, , , , , , , , , , , , , , , , , , ,		7.27%
·		7.33%
Small Cap - Growth		
Vanguard 204,591 0.8% 1.0% -25.01% -25.01% -17.52% 11.	77% 20.1	0.18%
	17.3	7.33%
Citigroup Broad Market Index < \$2BN -23.50% -23.50% -25.49% 7.3		
	79% 14.5	4.56%

STATE FIRE AND TORNADO FUND INVESTMENT PERFORMANCE REPORT AS OF SEPTEMBER 30, 2008

September-08						Current	Prior Year	3 Years	5 Years
Market Value Allocation Actual Policy Net ROR Net Ne		Sentember-08							
Market Value Actual Policy Net ROR Net Net Net					1110	1 100			
DOMESTIC FIXED INCOME Core Bond Western Asset 4,199,163 16.8% 17.1% -5.05% -5.05% 2.06% 2.76% 3.55% Lehman Aggregate -0.49% -0.49% -0.49% 7.12% 4.09% 3.86% Mortgage Backed Hyperion 808,140 3.2% 4.4% -21.09% -21.09% -20.24% N/A N/A N/A Lehman Global Aggregate (US Securitized Portion) -1.46% -1.46% 10.14% 10.14% Core Plus/Enhanced Clifton Group 1,279,017 5.1% 4.4% 0.43% 0.43% 0.43% 10.17% N/A N/		Market Value				Net	Net		
Core Bond Western Asset 4,199,163 16.8% 17.1% -5.05% -5.05% 2.06% 2.76% 3.55% Lehman Aggregate -0.49% -0.49% -0.49% 7.12% 4.09% 3.86% Mortgage Backed Hyperion 808,140 3.2% 4.4% -21.09% -21.09% -20.24% N/A N/A N/A Lehman Global Aggregate (US Securitized Portion) -1.46% -1.46% 10.14% 10.14% Core Plus/Enhanced Clifton Group 1,279,017 5.1% 4.4% 0.43% 0.43% 10.17% N/A									
Lehman Aggregate									
Mortgage Backed Hyperion 808,140 3.2% 4.4% -21.09% -20.24% N/A N/A N/A Lehman Global Aggregate (US Securitized Portion) -1.46% -1.46% 10.14% 10.14% Core Plus/Enhanced 1,279,017 5.1% 4.4% 0.43% 0.43% 10.17% N/A N/A Prudential 1,246,271 5.0% 4.4% -1.35% -1.35% 4.89% N/A N/A N/A Total Core Plus/Enhanced 2,525,288 10.1% 8.8% -0.46% -0.46% 7.55% N/A N/A N/A Lehman Aggregate -0.49% -0.49% -0.49% 7.12% 7.12% 7.12% 7.24% 3.84% 3.24% Bank of ND 2,201,874 8.8% 7.7% -1.24% 7.68% 3.93% 3.28% Lehman Gov/Credit (1) 2,201,874 8.8% 7.7% -1.24% 7.68% 3.93% 3.24% BBB Average Quality Wells Capital (formerly Strong) 4,305,242 17.1%	Western Asset	4,199,163	16.8%	17.1%	-5.05%	-5.05%	2.06%	2.76%	3.55%
Hyperion 808,140 3.2% 4.4% -21.09% -20.24% N/A N/A	Lehman Aggregate				-0.49%	-0.49%	7.12%	4.09%	3.86%
Hyperion 808,140 3.2% 4.4% -21.09% -20.24% N/A N/A	Mortgage Backed								
Core Plus/Enhanced 1,279,017 5.1% 4.4% 0.43% 10.17% N/A N/A Prudential 1,246,271 5.0% 4.4% -1.35% 4.89% N/A N/A Total Core Plus/Enhanced 2,525,288 10.1% 8.8% -0.46% -0.46% 7.55% N/A N/A Lehman Aggregate -0.49% -0.49% 7.12% -0.49% 7.12% Index Bank of ND 2,201,874 8.8% 7.7% -1.24% 7.68% 3.93% 3.28% Lehman Gov/Credit (1) -1.64% -1.64% 7.24% 3.84% 3.24% BBB Average Quality Wells Capital (formerly Strong) 4,305,242 17.2% 17.1% -3.67% -3.67% 3.55% 3.04% 3.85% Lehman US Credit BAA 14,039,706 56.2% 55.0% -4.37% -4.37% 2.32% 3.89% 5.04% CASH EQUIVALENTS Bank of ND 2,659,849 10.6% 10.0% 0.48% 0.48% 3.43% 4.10% 3.38%	0 0	808,140	3.2%	4.4%	-21.09%	-21.09%	-20.24%	N/A	N/A
Clifton Group	Lehman Global Aggregate (US Securitized Po	ortion)			-1.46%	-1.46%	10.14%		
Clifton Group	Core Plus/Enhanced								
Total Core Plus/Enhanced 2,525,288 10.1% 8.8% -0.46% -0.46% 7.55% N/A N/A Lehman Aggregate -0.49% -0.49% 7.12% 7.12%	Clifton Group	1,279,017	5.1%	4.4%	0.43%	0.43%	10.17%	N/A	N/A
Lehman Aggregate -0.49% -0.49% 7.12% Index Bank of ND 2,201,874 8.8% 7.7% -1.24% -1.24% 7.68% 3.93% 3.28% Lehman Gov/Credit (1) -1.64% -1.64% -1.64% 7.24% 3.84% 3.24% BBB Average Quality Wells Capital (formerly Strong) 4,305,242 17.2% 17.1% -3.67% -3.67% 3.55% 3.04% 3.85% Lehman US Credit BAA -4.85% -4.85% -4.85% 2.62% 2.52% 3.59% TOTAL DOMESTIC FIXED INCOME 14,039,706 56.2% 55.0% -4.37% -4.37% 2.32% 3.89% 5.04% Lehman Aggregate (2) -0.49% -0.49% -0.49% 7.12% 4.09% 3.73% CASH EQUIVALENTS Bank of ND 2,659,849 10.6% 10.0% 0.48% 0.48% 3.43% 4.10% 3.38%	Prudential	1,246,271	5.0%	4.4%	-1.35%	-1.35%	4.89%	N/A	N/A
Index Bank of ND 2,201,874 8.8% 7.7% -1.24% -1.24% 7.68% 3.93% 3.28% Lehman Gov/Credit (1) -1.64% -1.64% -1.64% 7.24% 3.84% 3.24% BBB Average Quality Wells Capital (formerly Strong) 4,305,242 17.2% 17.1% -3.67% -3.67% 3.55% 3.04% 3.85% Lehman US Credit BAA -4.85% -4.85% -4.85% 2.62% 2.52% 3.59% TOTAL DOMESTIC FIXED INCOME 14,039,706 56.2% 55.0% -4.37% -4.37% -4.37% 2.32% 3.89% 5.04% Lehman Aggregate (2) -0.49% -0.49% -0.49% 7.12% 4.09% 3.73% CASH EQUIVALENTS Bank of ND 2,659,849 10.6% 10.0% 0.48% 0.48% 3.43% 4.10% 3.38%	Total Core Plus/Enhanced	2,525,288	10.1%	8.8%	-0.46%	-0.46%	7.55%	N/A	N/A
Bank of ND Lehman Gov/Credit (1) BBB Average Quality Wells Capital (formerly Strong) Lehman US Credit BAA TOTAL DOMESTIC FIXED INCOME Lehman Aggregate (2) CASH EQUIVALENTS Bank of ND 2,201,874 8.8% 7.7% -1.24% -1.24% -1.64	Lehman Aggregate				-0.49%	-0.49%	7.12%		
Lehman Gov/Credit (1) -1.64% -1.64% 7.24% 3.84% 3.24% BBB Average Quality Wells Capital (formerly Strong) 4,305,242 17.2% 17.1% -3.67% -3.67% 3.55% 3.04% 3.85% Lehman US Credit BAA -4.85% -4.85% -4.85% 2.62% 2.52% 3.59% TOTAL DOMESTIC FIXED INCOME 14,039,706 56.2% 55.0% -4.37% -4.37% 2.32% 3.89% 5.04% Lehman Aggregate (2) -0.49% -0.49% 7.12% 4.09% 3.73% CASH EQUIVALENTS Bank of ND 2,659,849 10.6% 10.0% 0.48% 0.48% 3.43% 4.10% 3.38%	Index								
BBB Average Quality 4,305,242 17.2% 17.1% -3.67% -3.67% 3.55% 3.04% 3.85% Lehman US Credit BAA -4.85% -4.85% -4.85% 2.62% 2.52% 3.59% TOTAL DOMESTIC FIXED INCOME 14,039,706 56.2% 55.0% -4.37% -4.37% 2.32% 3.89% 5.04% Lehman Aggregate (2) -0.49% -0.49% 7.12% 4.09% 3.73% CASH EQUIVALENTS Bank of ND 2,659,849 10.6% 10.0% 0.48% 0.48% 3.43% 4.10% 3.38%	Bank of ND	2,201,874	8.8%	7.7%	-1.24%	-1.24%	7.68%	3.93%	3.28%
Wells Capital (formerly Strong) 4,305,242 17.2% 17.1% -3.67% -3.67% 3.55% 3.04% 3.85% Lehman US Credit BAA -4.85% -4.85% -4.85% 2.62% 2.52% 3.59% TOTAL DOMESTIC FIXED INCOME 14,039,706 56.2% 55.0% -4.37% -4.37% 2.32% 3.89% 5.04% Lehman Aggregate (2) -0.49% -0.49% 7.12% 4.09% 3.73% CASH EQUIVALENTS Bank of ND 2,659,849 10.6% 10.0% 0.48% 0.48% 3.43% 4.10% 3.38%	Lehman Gov/Credit (1)				-1.64%	-1.64%	7.24%	3.84%	3.24%
Wells Capital (formerly Strong) 4,305,242 17.2% 17.1% -3.67% -3.67% 3.55% 3.04% 3.85% Lehman US Credit BAA -4.85% -4.85% -4.85% 2.62% 2.52% 3.59% TOTAL DOMESTIC FIXED INCOME 14,039,706 56.2% 55.0% -4.37% -4.37% 2.32% 3.89% 5.04% Lehman Aggregate (2) -0.49% -0.49% 7.12% 4.09% 3.73% CASH EQUIVALENTS Bank of ND 2,659,849 10.6% 10.0% 0.48% 0.48% 3.43% 4.10% 3.38%	BBB Average Quality								
TOTAL DOMESTIC FIXED INCOME Lehman Aggregate (2) CASH EQUIVALENTS Bank of ND 14,039,706 56.2% 55.0% -4.37% -4.37% -0.49% 7.12% 4.09% 3.73% CASH EQUIVALENTS 2,659,849 10.6% 10.0% 0.48% 0.48% 3.43% 4.10% 3.38%	· · · · · · · · · · · · · · · · · · ·	4,305,242	17.2%	17.1%	-3.67%	-3.67%	3.55%	3.04%	3.85%
Lehman Aggregate (2) -0.49% -0.49% 7.12% 4.09% 3.73% CASH EQUIVALENTS Bank of ND 2,659,849 10.6% 10.0% 0.48% 0.48% 3.43% 4.10% 3.38%	Lehman US Credit BAA				-4.85%	-4.85%	2.62%	2.52%	3.59%
Lehman Aggregate (2) -0.49% -0.49% 7.12% 4.09% 3.73% CASH EQUIVALENTS Bank of ND 2,659,849 10.6% 10.0% 0.48% 0.48% 3.43% 4.10% 3.38%									
CASH EQUIVALENTS Bank of ND		14,039,706	56.2%	55.0%					
Bank of ND 2,659,849 10.6% 10.0% 0.48% 0.48% 3.43% 4.10% 3.38%	Lehman Aggregate (2)				-0.49%	-0.49%	7.12%	4.09%	3.73%
Bank of ND 2,659,849 10.6% 10.0% 0.48% 0.48% 3.43% 4.10% 3.38%	CACH FOLINAL FAITS								
,,.		2 650 940	10 69/	10.0%	0.400/	0 400/	2 /20/	4 100/	2 200/
		2,059,649	10.0 /	10.0 /6					
0.00% 0.00% 4.21% 0.10%	00 Day 1 D				3.0070	0.0070	0.0070	1.21 /0	3.1070
TOTAL FIRE & TORNADO FUND 24,983,732 100.0% 100.0% -6.25% -6.25% -4.00% 4.35% 5.92%	TOTAL FIRE & TORNADO FUND	24,983,732	100.0%	100.0%	-6.25%	-6.25%	-4.00%	4.35%	5.92%
POLICY TARGET BENCHMARK -3.56% -0.90% 5.01% 5.95%	POLICY TARGET BENCHMARK				-3.56%	-3.56%	-0.90%	5.01%	5.95%

NOTE: Monthly returns and market values are preliminary and subject to change.

⁽¹⁾ From April 1, 2004, through June 30, 2005, the benchmark was the LB Intermediate Govt/Credit index.

⁽²⁾ Prior to July 1, 2005, the benchmark was LB Govt/Credit Index.